



# House of Representatives

General Assembly

**File No. 510**

*February Session, 2004*

Substitute House Bill No. 5659

*House of Representatives, April 7, 2004*

The Committee on Finance, Revenue and Bonding reported through REP. STILLMAN of the 38th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT REQUIRING A TAX EXPENDITURE REPORT FROM THE OFFICE OF POLICY AND MANAGEMENT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2004*) The Office of Policy and
- 2 Management shall submit, along with the budget or status report
- 3 required under section 4-71 of the general statutes, a report on all tax
- 4 expenditures provided for under the laws of the state, including any
- 5 tax credits, deductions from income, exclusions from income or tax
- 6 exemptions. Such report shall include an analysis of each expenditure's
- 7 purpose, the extent to which the purpose is achieved, the amount of
- 8 such expenditure in the previous fiscal year and a recommendation as
- 9 to whether such expenditure should be continued or modified. Such
- 10 report shall be filed in accordance with the provisions of section 11-4a
- 11 of the general statutes.

This act shall take effect as follows:
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Section 1	<i>October 1, 2004</i>
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***Statement of Legislative Commissioners:***

The title was changed for purposes of accuracy.

***FIN***      *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Policy & Mgmt., Off.	GF - Cost	Minimal	Minimal

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill is anticipated to result in a minimal cost (less than \$10,000 per year) associated with producing and distributing an annual report to the General Assembly. The current staff of the Office of Policy and Management's Budget Division is expected to compile the data necessary to complete the report.

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**OLR BILL ANALYSIS**

HB 5659

***AN ACT REQUIRING A TAX EXPENDITURE REPORT FROM THE  
OFFICE OF POLICY AND MANAGEMENT*****SUMMARY:**

This bill requires the Office of Policy and Management (OPM) to submit a tax expenditure report to the General Assembly along with the governor's proposed biennial state budget in odd-numbered years and the budget status report in even-numbered years. The report must cover all statutory tax expenditures, including tax credits and exemptions and income deductions and exclusions. For each expenditure, the report must (1) analyze its purpose and the extent to which the purpose is achieved, (2) provide its amount for the previous fiscal year, and (3) recommend whether it should be continued or modified.

EFFECTIVE DATE: October 1, 2004

**BACKGROUND*****Office of Fiscal Analysis Tax Expenditure Report***

A law that the bill does not change requires the Office of Fiscal Analysis (OFA) to submit a tax expenditure report to the Finance, Revenue and Bonding Committee in odd-numbered years. OFA's report must cover all statutory tax exemptions, deductions, exclusions, and credits that result in municipalities or the state receiving less revenue than they otherwise would. For each expenditure, OFA's report must provide (1) a description, (2) year enacted, (3) purpose for enactment, (4) any amendments since enactment, (5) estimated annual state and municipal fiscal impact in the biennium of the report, (6) estimated revenue if repealed, and (7) estimated number of taxpayers benefiting. When the committee receives the report, it must meet and analyze it (CGS § 12-7b (e)).

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 22      Nay 21